

City of Kaw City, Oklahoma

Accountant's Report on  
Applying Agreed-Upon Procedures

Year Ended June 30, 2011

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## Accountant's Report

To the Specified Users of the Report:

Board of Trustees of the City of Kaw City  
Kaw City, Oklahoma

Board of Trustees of the Kaw City Municipal Authority  
Kaw City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances – Cash Basis of the City of Kaw City and Public Trust for the year ended June 30, 2011, the Budgetary Comparison Schedule – Cash Basis – General Fund, and the Statement of Revenues, Expenses and Changes in Fund Balance – Cash Basis – the Kaw City Municipal Authority for the year ended June 30, 2011, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes §11-17-105-.107 and §60-180-1-.3, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

This compilation is limited to presenting information in the form of financial statements prescribed by the above noted Oklahoma Statutes that is the representation of the management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City's, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated on the next page which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma, solely to assist the City and the Authority in meeting its financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2011. Management of the City of Kaw City is responsible for the City's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed in Oklahoma Statutes §11-17-105-.107 and §60-180-1-.3. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described on the next page either for the purpose for which this report has been requested or for any other purpose.

## **Procedures and Findings:**

As to the City of Kaw City as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the City's trial balances, we compiled a cash basis schedule of changes in fund balances for each fund (see page 5) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance noted.

2. **Procedures Performed:** From the City's trial balances, we compiled a cash basis budget and actual financial schedule for the General Fund (see page 6) and compared the actual expenditures reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

**Findings:** No instances of noncompliance noted.

3. **Procedures Performed:** We agreed the City's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** No unusual reconciling items were noted that did not clear on a timely basis.

4. **Procedures Performed:** We compared the City's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** The City had no uninsured deposits at June 30, 2011.

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5. **Procedures Performed:** We compared the City's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance were noted.

6. **Procedures Performed:** We compared the accounting for the City's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance noted.

7. **Procedures Performed:** A search for City debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purpose of determining contract compliance.

**Findings:** The City had no debt, therefore no debt service coverage requirements of bond indentures were evaluated for compliance.

As to the Kaw City Municipal Authority as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenses and changes in fund balances - cash basis for the Authority (see page 7) and compared the schedule results to the applicable trust prohibitions for creating net asset deficits to report any noted instance of noncompliance.

**Findings:** No instances of noncompliance noted.

2. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements, and trace the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** No unusual reconciling items were noted that did not clear on a timely basis.

3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** The Authority had no uninsured deposits at June 30, 2011.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance were noted.

5. **Procedures Performed:** We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances on noncompliance.
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**Findings:** No instances of noncompliance were noted.

6. **Procedures Performed:** A search for the Authority's debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purpose of determining contract compliance.

**Findings:** The Authority had no debt, therefore no debt service coverage requirements of bond indentures were evaluated for compliance.

As to the City of Kaw City and the Kaw City Municipal Authority grant programs, as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the City and Authority's trial balances, we compiled a schedule of grant activity for each grant/contract (see page 8) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

**Findings:** No instances of noncompliance were noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.



Kimberlye R. Mayer, CPA, P.C.  
August 16, 2012

CITY OF KAW CITY, OKLAHOMA  
STATEMENT OF CHANGES IN FUND BALANCES  
CASH BASIS  
YEAR ENDED JUNE 30, 2011

	<u>Fund Balances</u> 6/30/10	<u>Change</u>	<u>Fund Balances</u> 6/30/11
<b>CITY:</b>			
General Fund	\$ 82,080	\$ 704	\$ 82,784
Library Fund	3,188	330	3,518
Cemetery Fund	<u>81,783</u>	<u>(4,969)</u>	<u>76,814</u>
Total City	<u>167,051</u>	<u>(3,935)</u>	<u>163,116</u>
 <b>KAW CITY MUNICIPAL AUTHORITY:</b>			
Kaw City Municipal Authority	<u>149,063</u>	<u>381</u>	<u>149,444</u>
KCMA Subtotal	<u>149,063</u>	<u>381</u>	<u>149,444</u>
 CITY TOTALS	 <u>\$ 316,114</u>	 <u>\$ (3,554)</u>	 <u>\$ 312,560</u>

CITY OF KAW CITY, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 82,080	\$ 82,080	\$ 82,080	
Resources (Inflows):				
Sales tax	\$ 29,624	\$ 29,624	\$ 34,980	\$ 5,356
Franchise taxes	17,429	17,429	21,482	4,053
Alcoholic beverage tax	1,445	1,445	1,386	(59)
Cigarette tax	2,073	2,073	546	(1,527)
Motor vehicle tax	2,285	2,285	2,661	376
Gas tax	623	623	702	79
Fire dept grants	103,100	4,398	4,398	
Charges for services	1,265	2,885	2,171	(714)
Fines and forfeitures	2,113	2,113	3,815	1,702
Licenses & permits	3,044	3,116	262	(2,854)
Interest	5,284	5,284	1,296	(3,988)
Other income	1,308	863	1,049	186
Total Resources	<u>251,673</u>	<u>154,218</u>	<u>156,828</u>	<u>2,610</u>
Charges (Outflows):				
General Government:				
Personnel services	24,600	35,795	32,803	2,992
Maintenance and operation	20,875	35,716	19,768	15,948
Total General Government	<u>45,475</u>	<u>71,511</u>	<u>52,571</u>	<u>18,940</u>
Police Department:				
Personnel services	25,000	25,696	25,696	
Maintenance and operation	6,105	3,417	3,375	42
Total Police Department	<u>31,105</u>	<u>29,113</u>	<u>29,071</u>	<u>42</u>
Fire Department:				
Personnel services	700	1,363	1,346	17
Maintenance and operation	8,175	12,616	11,150	1,466
Capital Outlay	107,300	5,012	3,792	1,220
Total Fire Department	<u>116,175</u>	<u>18,991</u>	<u>16,288</u>	<u>2,703</u>
Street Department:				
Maintenance and operation	900	3,000	2,919	81
Municipal Court:				
Maintenance and operation	605	167	167	
Animal Control:				
Personnel services	1,185	1,308	1,292	16
Maintenance and operation	20	147	14	133
Total Animal Control	<u>1,205</u>	<u>1,455</u>	<u>1,306</u>	<u>149</u>
City Treasurer:				
Personnel services	1,850	2,004	1,860	144
Maintenance and operation	110	60	60	
City Attorney:				
Maintenance and operation	11,750	11,750	11,450	300
EMD:				
Personnel services	1,250	1,363	1,346	17
Maintenance and operation	1,045	1,032	893	139
Maintenance Department:				
Personnel services	8,102			
Maintenance and operation	33,892	9,392	8,215	1,177
Total Maintenance Dept.	<u>41,994</u>	<u>9,392</u>	<u>8,215</u>	<u>1,177</u>
Total Charges	<u>253,464</u>	<u>149,838</u>	<u>126,146</u>	<u>\$ 23,692</u>
Total Resources Over (Under) Charges	(1,791)	(4,380)	30,682	
Transfer in	35,000	68,403	52,102	(16,301)
Ending budgetary fund balance	<u>\$ 33,209</u>	<u>\$ 72,783</u>	<u>\$ 82,784</u>	<u>\$ 10,001</u>

See accountant's report on agreed-upon procedures.

CITY OF KAW CITY, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS - CASH BASIS  
KAW CITY MUNICIPAL AUTHORITY  
YEAR ENDED JUNE 30, 2011

Operating Revenues:

Charges for services:

Electric	\$ 49,264
Water	110,091
Sewer	29,279
Sanitation	48,001
Gas	159,502
Other income	4,147
Total Operating Revenues	<u>400,284</u>

Operating Expenses:

Electricity Department	160,527
Water Department	20,653
Sewer Department	10,531
Sanitation Department	44,576
Gas	105,467
Capital Outlay	
Total Operating Expenses	<u>341,754</u>

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Operating income (loss)	58,530
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Non-Operating Revenues (Expenses):

Interest income	2,136
Total Non-Operating Revenues (Expenses)	<u>2,136</u>

Net Income (Loss) Before Transfers+A55	60,666
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Transfers out	(60,285)
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Net Assets, beginning of year	<u>149,063</u>
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Net Assets, end of year	<u>\$ 149,444</u>
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See accountant's report on agreed-upon procedures.

CITY OF KAW CITY, OKLAHOMA  
 SCHEDULE OF GRANT ACTIVITY  
 CASH BASIS  
 YEAR ENDED JUNE 30, 2011

<u>Grantor</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Dept. of Agriculture	\$ 4,398	\$ 4,398	\$ 4,398	\$
REAP KA10-2	\$ 6,000	\$ 6,000	\$ 6,000	\$
REAP KA11-7	\$ 10,942	\$	\$ 10,942	\$
FEMA CFDA #97.044	\$ 68,172	\$ 68,172	\$ 68,172	\$

See accountant's report on agreed-upon procedures